

Which trends offer opportunities or pose threats in the European coffee market?

Last updated:

13 February 2024

The European coffee market is mature, but constantly evolving. Specialty coffees, single-serve methods and ready-to-drink coffees are growing popular among European consumers. Sustainability remains a top priority for industry stakeholders. This has triggered stricter European Union (EU) regulations. There is also growing consumer demand for traceability and transparency in the value chain. In addition, the use of digital marketplaces as a channel for sales is becoming common. These have intensified direct trade between producers and European roasters. The increasing involvement of multinational companies in mainstream coffee trading and roasting has strengthened market concentration, putting pressure on prices along the entire chain.

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1. Sustainability initiatives in the coffee sector continue to expand

Sustainability has 3 main pillars: economic, environmental and social. With regard to social sustainability in the coffee sector, [issues around gender inequality and child labour](#) are serious concerns. [Economic sustainability](#) refers to issues related to:

- Low prices;
- Price volatility;
- Meeting market demands; and
- Earning a living income.

Regarding environmental sustainability, attention to climate change and biodiversity issues is rising in the coffee industry. Climate change is expected [to substantially reduce areas suitable for coffee cultivation by 2050](#). Prolonged droughts, rising temperatures, biodiversity loss and heavy rains expected as consequences of climate change can severely affect global coffee production. [Several coffee varieties have already been declared endangered due to the effects of climate change](#). Plant disease outbreaks have also been directly linked to [climate change](#). In addition, [climate change will cause a decline in land area for coffee production](#) as well as a

decline in yields. For example, [El Nino's dry weather threatens to further decrease coffee production](#), especially in Indonesia. This comes after excessive rains dragged down output to its lowest in more than a decade. Availability of coffee is under pressure and driving global [prices to all-time highs](#). These issues might make it more difficult for exporters to fulfil contracts according to the agreed terms. [Consumers will also have to pay more for their coffee](#).

Private and public sectors take coffee sustainability into their own hands

Sustainability concerns are leading consumers to demand more sustainable coffees and stimulate industry players to act. As a result, the main multinational coffee companies have developed their sustainability programmes. These programmes either integrate existing certification schemes or bypass them altogether by creating their own responsible sourcing model.

Starbucks has its own private standard for quality and sustainable coffee production called Starbucks' Coffee and Farmer Equity Practices ([C.A.F.E. Practices](#)). Nestlé also has its own private guidelines with a similar approach and focus on quality: [Nespresso AAA Sustainable Quality](#). With the Nespresso positive cup project, they aim to reach net zero by 2035 at the earliest, with a milestone to achieve net zero emissions in AAA green coffee production in 2030.

The large-scale roaster JDE Peet's initiated the [Responsible Coffee Sourcing Principles](#). In 2022, JDE Peet's made strong progress, achieving 77% of their commitment of 100% responsibly sourced coffee by 2025. They increased their share of renewable energy in 2022, at sites in Brazil, Europe and New Zealand, lowering GHG emissions. They also increased involvement in supporting the future of coffee cultivation by becoming one of the key funders of World Coffee Research. This develops resilient coffee cultivars for the future.

Lavazza has launched its own [Sustainability Programme](#). Retailers cover their sustainability concerns and requirements with their own codes of conduct as well. Examples include those developed by [REWE](#) (Germany), [Ahold Delhaize](#) (Netherlands) and [Carrefour](#) (France).

Companies are also directly engaged in projects at origin to improve sustainability matters. For instance, the trading group Neumann Kaffee founded the independent NGO [Hanns R. Neumann Stiftung](#). This NGO implements several coffee-based projects to promote a sustainable coffee economy. Roaster Lavazza founded the [Lavazza Foundation](#). The Lavazza Foundation implements sustainability projects to support coffee-producing communities worldwide. Smaller and mid-sized industry players are also involved in projects directly at origin. For instance, access the websites of the Dutch trader [Trabocca](#) or UK trader [Falcon](#) to get an idea of the type of projects origin traders are engaged in.

Global multi-stakeholder initiatives

In addition to the private sector, the number of sustainability initiatives and events in the global coffee sector is increasing. A few examples of multi-stakeholder, sector-wide collaborative sustainability initiatives include:

- The [Global Coffee Platform](#), which is a multi-stakeholder sustainability platform. The Global Coffee Platform has promoted several initiatives. Examples are the [Kenya Coffee Platform](#) and the [Coffee Data Standard](#) to streamline reporting practices.
- Conservation International has started the [Sustainable Coffee Challenge](#). This platform aims to transform coffee production towards fully sustainable practices. It mobilises governments, private companies and research institutions. It includes around [164 partners from 44 countries](#).
- The [International Women's Coffee Alliance](#) is a global organisation with the mission to empower women in the international coffee community to achieve meaningful and sustainable lives.
- [SAFE Platform](#), which is a multi-stakeholder knowledge platform that seeks to transform coffee and cocoa landscapes in Latin America.

All these programmes have in common that they provide a platform for actors in the value chain to share experiences and create a common understanding of the issues affecting them. They also generate knowledge,

tools and policies which can propel the sector towards more sustainable and profitable practices.

European-wide initiatives

There are also developments on a European level. The EU is implementing the [European Green Deal \(EGD\)](#) to make Europe climate-neutral by 2050. The [EGD will impact trade within and imports to the EU](#) – mainly by introducing stricter environmental and sustainability standards and adding requirements for export companies from developing countries. One of the policy areas of the Green Deal is the [From Farm to Fork](#) strategy. This strategy aims to create a healthier and more sustainable food system. One of the most ambitious goals is a [50% reduction in the use of pesticides by 2030](#). As part of this measure, the [EU has proposed legally binding targets](#) for maximum residue levels and set strict new rules to enforce environmentally-friendly pest control.

Another policy area of the EGD is the [Biodiversity Strategy for 2030](#). This strategy includes specific measures such as the [EU Regulation on deforestation-free products](#), for which the first legislative proposal was published in November 2021. The EU Deforestation Legislation has been made official on 23 June 2023 and will start working from 30 December, 2024. All companies that sell coffee in the EU need to make sure their products do not cause deforestation – particularly as of 31 December, 2020. Companies must now give the data of the exact place where their coffee was grown.

Another EGD area that the EU has been working on is an [EU law requiring companies to address human rights and environmental standards in their value chains](#), including for coffee. In February 2022, the EU approved a plan for [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#). This is compulsory for all companies in the EU, and companies outside Europe that sell products or services in EU countries. Companies must take steps to find and prevent any harmful impacts their business and supply chains may have on people and the environment.

The CSDDD sets common goals for all EU Member States to achieve. But each Member State can choose how to meet these goals in their own way. The European Coffee Federation (ECF) [reported that it supports an EU-wide mandatory due diligence approach for companies](#). The ECF also said it welcomes the [European due diligence regulation to stop EU-driven deforestation](#), which includes coffee production.

Tips:

Check the initiative's website and its [practical toolbox to tackle climate change](#). It provides practical tools on how to improve on-farm drying and storage against bad weather. It also offers practical tips on how to implement shade management on your farm and methods that help you make decisions. An example is cost-benefit analyses of interventions.

Check out [Fairtransport](#) as an alternative to ship green coffee beans through emission-free transport.

Look for ways to market your coffee as sustainable. For instance, read about how [Ecuador is exploring new sustainable specialty markets with its so-called deforestation-free coffees](#).

Read our [tips to go green](#) and [tips to become more socially responsible in the coffee sector](#). It covers practical actions to enhance sustainability in coffee.

Ensure an overview of the opportunities, training and support for improved sustainability in your region. Many local and international initiatives exist to support farmers with their business. Look into local governmental programmes and sector-related organisations. Examples include the [International Coffee Organization](#), [European Coffee Federation](#) and [Specialty Coffee Association](#), certification standards such as [Fairtrade](#) and [Rainforest Alliance/UTZ](#), and agricultural institutes or universities such as [The International Center for Tropical Agriculture \(CIAT\)](#) and the [Tropical Agricultural Research and Higher Education Center \(CATIE\)](#).

2. Specialty coffee is a growing segment in the European market

The majority of European consumers still buy cheap mainstream coffee, usually in the form of standard blends, ground-for-filter or capsules and pods. However, a growing number of consumers in Europe are willing to pay more for high-quality coffees. Some consumers are also willing to pay more for coffees with a good story related to origin, highlighting environmental and social aspects, as well as other sustainability topics.

There is no exact definition of specialty coffee. In 2021, the Specialty Coffee Association (SCA) proposed a [definition of specialty coffee based on both its intrinsic and extrinsic attributes](#). Generally, specialty coffee is often related to cupping scores, which reflect how coffee is evaluated during coffee cupping. There are different protocols you can use to score a coffee, such as the one developed by the [Specialty Coffee Association](#). For some, coffees with a cupping score of 80 and above qualify as a specialty coffee, while for others it has to have at least some certification or a cupping score of at least 85.

Relevant developments within the specialty coffee market:

- **Signature blends:** These are carefully selected coffees from various origins, which reach unique taste palettes. They cater for specific consumer tastes, communicating balance and quality. Examples include various blends by [Coffee Masters](#) (United Kingdom), [Taf](#) (Greece) and [Flying Roasters](#) (Germany).
- **Single origin:** Coffee origins have received attention from industry and consumers for years now. Single origin is associated with high quality and uniqueness from a certain region or country. Growers from Ethiopia, for example, rely on the uniqueness of this origin, which is considered to be the birthplace of coffee. Peruvian producers also promote their coffees' unique origin, with their national coffee brand [Cafés del Peru](#), which was launched in 2019. Other examples of single origins are: [Jamaican Blue Mountain](#), [Hawaii Kona](#), [Kenya AA](#) and [Guatemala Antigua](#).
- **Single farm or estate:** Coffee sourced from 1 single farm is called single farm or single estate. Examples include Tanzanian [Kifaru Coffee](#) and the Salvadorian [Finca el Cerro](#).
- **Micro lots and nano lots:** The specialty coffee market has also led to an [increase in micro and nano lots](#). These lots consist of extremely high-quality coffee beans, which are sold for very high prices. Micro lots usually consist of 10 to 75 bags. Nano lots are even smaller, consisting of less than 5 bags of coffee conferring an even more exclusive quality. Micro and nano lots are allowing for more direct relations between producers and smaller buyers, such as specialised traders and small-scale roasters. This opens up an interesting opportunity for top-quality and value-added coffees. However, volumes are low, the costs for preparing these lots for export and the logistical expenses are high. Micro and nano lot coffees usually do not represent the core business of a coffee producer but may primarily boost the producer's reputation of having the skills to produce interesting varieties and processing.
- **Infused coffee:** [Infused coffees](#) offer complex and new flavours. Infusion can occur at different stages of the coffee-making process, including before or after roasting, or even when the coffee is ground. However, it is most commonly done with green coffee beans. In response to the growing demand for complex flavours, coffee producers have been exploring new methods. They have started using techniques like anaerobic fermentation and carbonic maceration, which involve fermenting coffee in pressurised tanks. This deviates from traditional processing methods such as washed, honey, or natural processing. Some producers are taking these methods even further to experiment with different flavours. During the fermentation stage, non-coffee materials like fruit pulp, aged beans, or essential oils can be infused. Additionally, infusion can also occur during the drying or storage stages of coffee production. However, the most common stage for infusion is during fermentation.

The fact that large trading companies are expanding their portfolio with specialty coffees shows how the segment is gaining importance. [InterAmerican Coffee](#), owned by [Neumann Kaffee Gruppe](#), was one of the first large players to set up a group dedicated to sourcing specialty coffees. Other more recent examples include

Rehm & Co (owned by [Benecke Coffee](#)) and [Sucafina Specialty](#). [Olam Specialty Coffee](#) expanded its brand and e-commerce platform from the US to Europe in 2022.

Although mainstream coffee actors increasingly engage in the specialty market, there is also a large number of specialised independent trading companies in Europe. These companies are focused on importing small volumes of high-quality or single-origin coffees, for which they pay interesting premiums. Examples include [Coffee Quest](#), [Trabocca](#), [This Side Up](#) (the Netherlands), [Belco](#) (France), [Falcon Coffees](#) (United Kingdom) and [Nordic Approach](#) (Norway).

The increasing interest in specialty coffee is also reflected in the [growing number of coffee bars, small roasters, small local brands and baristas in Europe](#). The specialty segment was hit hard in 2020-2021 because of the global COVID-19 pandemic, which led to the closure of many specialised coffee shops and bars. The higher-end segment particularly suffered, registering [lower demand than in previous years](#).

However, the interest in high-quality coffees across Europe is embedded in consumer preferences and is here to stay. In fact, demand for unique and high-quality coffees may see further growth in the near future. This is mainly due to a [growth in e-commerce and the consumption of higher-quality coffees at home](#) during the global pandemic. In addition, supermarkets are increasingly looking at specialty coffee, offering [lighter roasts](#) and starting up collaboration with local roasters, such as [Lidl in Ireland](#).

Fine Robusta

Most specialty coffees are Arabica cultivars, of which [Typica](#) and [Bourbon](#) are the most widely known. High-quality Robusta (or: Fine Robusta) is not yet widely available. However, thanks to [increased industry efforts to create a common language for Robusta quality](#), it has also become possible to become an R-grader. R-graders are cuppers specialised in Fine Robusta coffees. In addition, updated [Q Fine Robusta Standards and Protocols](#) were published in 2019, as well as a Robusta Green-Grading Handbook.

These efforts are the result of a growing interest in Robusta varieties in the specialty coffee market. Some European coffee shops and roasters already focus on Fine Robustas. For instance, the Swiss micro-roaster [Röstlabor](#) offers single-origin Robustas from countries like Mexico and Thailand, alongside specialty Arabicas. Another example is [Black Sheep Coffee](#) in the United Kingdom, which serves single-estate specialty grade Robusta from India.

The growing demand and the current limited supply of high-quality Robusta coffees offers interesting opportunities for exporters that can provide a constant supply of fine Robusta coffees. Producers can [improve the quality of their mainstream Robusta via processing techniques](#) and post-harvest activities. Consider also growing organic Robusta, for which demand is also increasing. Examples of Fine Robusta exporters include [Beanspire Coffee](#) (Thailand), [Fazenda Venturim](#) (Brazil) and [Macenta Beans](#) (Guinea).

Tips:

Read our [study on the specialty coffee market in Europe](#) to learn more about trends and market opportunities for coffee exporters.

Investigate new varieties that can be grown on your farm or by your cooperative. Also look into different ways of processing coffee. This will increase your reputation as a specialty coffee producer. If interested in your micro and nano lots, importers may also purchase your mainstream coffee to fill up the container. Investigate opportunities in high-quality micro or nano lots. Read [this article on how to limit risk and improve quality on your micro lot](#).

Check the [Specialty Coffee Association \(SCA\) website](#) to learn more about [coffee cupping and protocols](#). Consider obtaining a [Q-grader certificate](#) to be able to cup and score your Arabica coffee according to international aroma and taste standards. If relevant, explore opportunities to [become an R Robusta grader](#) as well. The SCA website also publishes news, events and resources related to

specialty coffee in Europe and North America.

Provide correct documentation, such as a detailed cupping result report and full description profiles of your coffees. Buyers expect proof of [the grading process](#) and the final cupping score of your coffee. Being able to indicate the coffee's variety, altitude, fragrance, aftertaste, balance, sweetness and uniformity will be important in communicating to your potential buyer that you know what coffee you have. The exact minimum scores differ per country and buyer but usually range between 80 and 100. Note that buyers will cup and re-grade your coffee.

Refer to the [Cup of Excellence](#) platform to connect with other industry players and potential buyers.

3. European coffee consumers are becoming more knowledgeable and demanding

Development of the current European coffee market has been defined by waves starting in the 1900s. The first wave was the [popularisation of coffee consumption in Europe](#) from the 1900s into the 1990s. Coffee consumption became part of mainstream culture. The second wave consisted of shifting to higher-quality coffee and developing coffee corner locations and branded chains between 1995 and 2005. This wave was marked by the introduction of chains, such as [Starbucks](#) and [Costa Coffee](#), beginning in the mid-1990s in Europe. A third wave has been noted since 2005. This wave has been marked by the growing demand for high-quality coffees. These coffees focused on particular taste attributes — a 'coffee-like-wine' consumer attitude. It is usually traceable to farm level, due to direct sourcing.

Some industry players are also talking about 4th, 5th, and 6th waves. But others believe these waves are more ripples than real waves, indicating changes and shifts in consumption patterns.

The fourth wave refers to the period between 2010 and 2015 where the science of coffee became more mainstream. In this context, it became crucial to understand the intrinsic characteristics of the coffee bean and the influence of its preparation on its taste. During the third and fourth waves, consumers had also taken interest in the origin of coffee and understanding the story behind the product and the impact of their consumption at origin.

The [fifth wave](#), from 2015 to 2020, has industry players focused on achieving a highly successful, high-quality, customer-centric and sustainable coffee business. It meets today's demanding and knowledgeable coffee drinkers' desires and needs.

Consumers can more easily connect with coffee farmers. This is realised through increased traceability and digital tools. Since 2020, consumers also want to better understand the environmental impact of their consumption. This is [further highlighting connectivity and the planet as important themes in the coffee market](#), and can be seen as a sixth wave. Consumers are becoming more aware of how their choices affect the planet. This contributes to making sustainability an important issue in the coffee industry.

Table 1: Summary characteristics of the development of the European coffee market

Wave	Period	Characteristics
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1 - Traditional coffee culture	1901-1994	<ul style="list-style-type: none"> • Led by retail/supermarket brands • Mass consumption focused on commodities • Dominance of bulk brew filter coffee • Introduction of instant coffee
2 - Branded chains	1995 -2005	<ul style="list-style-type: none"> • Rise of branded chain concepts • Proliferation of coffee shop culture • Customised espresso-based beverages • Development of cozy coffee shop environments • Globalisation of coffee culture
3 - Artisan coffee	2005 -2010	<ul style="list-style-type: none"> • Dominated by artisan roaster brands • Focus on quality and appreciation of coffee as a culinary experience • Emphasis on micro-roasting • Coffee preparation done by hand with care and influenced by the coffee culture in Australia and New Zealand. • Transparency in sourcing coffee beans
4 - Science of coffee	2010 - 2015	<ul style="list-style-type: none"> • Custom in-house coffee roasting • Application of scientific methods and principles in coffee preparation • Attention to accuracy and measurement in brewing • Deep understanding of coffee properties • Consideration of water chemistry in brewing process • Use of advanced coffee equipment
5 - The business of coffee	2015-2020	<ul style="list-style-type: none"> • Refinement of boutique coffee store environments • Implementation of advanced business practices • Investment in technology usage • Customer-centric approach with a focus on commercial success

6 - Coffee and environmental impact	2020 - Now	<ul style="list-style-type: none"> • Increasing awareness of coffee's environmental impact • Focus on implementing circular solutions for sustainability • Utilisation of advanced science for intelligent coffee waste treatment • Extended traceability from coffee farmers to consumers
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Source: [Ecobean](#)

Coffee origins increasingly improving capacities and resources

Coffee-producing countries are increasingly developing capacities and gaining access to resources that improve their position in the value chain. For example, producers are learning more about buyer profiles. This allows them to position their products better and engage in negotiations. A rise in expertise about coffee quality and quality assessment has led to the creation of more cupping labs at cooperatives. In these labs, farmers evaluate and learn to appreciate different aspects of coffee quality according to international standards.

Examples of coffee cooperatives with integrated cupping labs and internationally trained cuppers are [Cooperative Muungano](#) (DR Congo), [AsproUnión](#) (Colombia), [Kopakama](#) (Rwanda) and [Koperasi Arisarina](#) (Indonesia). In some cases, national cupping schools have been established, for instance, by [IHCAFE](#) (the Honduran Coffee Institute) and [ANACAFE](#) (Guatemala).

There is also an increasing number of educational short and on-demand online courses on offer. Topics include improving coffee quality, better harvesting protocols and developing cupping skills. These online courses make education more accessible to coffee producers and exporters across the globe. Examples of online courses include [The Center](#) (by Sucafina) and [Boot Coffee Campus](#).

Coffee value chains are changing for more value-added at origin

Coffee value chains are gradually incorporating more value-added activities at origin, with growing countries also increasingly producing finished coffee products. Most producing countries primarily focus on exporting raw or green coffee beans which fetch lower prices compared to processed or finished coffee products. However, there is a growing recognition of the potential economic benefits derived from value addition within the coffee sector.

Several factors are contributing to this shift towards value-added activities at origin. These include:

Increased domestic consumption:

As coffee consumption rises within origin countries, there is an increasing demand for locally processed and finished coffee products. This presents an opportunity for coffee producers to cater for the domestic market by producing roasted coffee, instant coffee, coffee capsules, and other consumer-ready products.

Quality improvement:

Coffee producers are investing in improving the quality of their coffee beans through better farming practices, processing techniques, and post-harvest handling. This enables them to produce higher-quality coffee that can fetch premium prices in the global market, particularly when sold as finished products.

Reduced Carbon Footprint:

Processing coffee at its origin significantly reduces the carbon footprint associated with transporting raw coffee beans to distant processing facilities. This transportation often involves long-distance shipping, which consumes substantial energy and contributes to greenhouse gas emissions. By roasting and processing coffee locally, countries can lower their carbon emissions and contribute to a more sustainable coffee supply chain.

Diversification and innovation:

Coffee cooperatives and entrepreneurial individuals are exploring new ways to add value to coffee by diversifying their product offerings. This includes developing specialty or premium coffees, creating blends, experimenting with different roasting profiles, and introducing unique packaging and branding to differentiate their products.

Support and investment:

Governments, international organisations, and private sector actors are providing support and investment to enhance value addition in the coffee sector. This includes funding for processing infrastructure, training on value-added techniques, access to technology and machinery, and market linkages for finished coffee products.

It is important to note that the transition to value-added activities in the coffee sector is a gradual process. It varies across producing countries and regions. Challenges can slow down the pace of transformation. Examples of challenges are limited access to finance, infrastructure constraints, and the need for technical expertise. Nevertheless, there is a positive trend towards increasing value addition in coffee value chains within producing countries. This leads to more finished coffee products, ready for consumption within the producing countries.

Several brands in the European market have embraced a unique approach by roasting coffee at its source. This goes beyond traditional fair-trade practices and requires making an extra effort to help the places where the coffee comes from. For example, [Moyee Coffee](#) (Ethiopia/the Netherlands) do not only pay a fair price for coffee beans, they also roast and pack the coffee in Ethiopia. This way, 50% of the money from selling coffee stays in Ethiopia. [Solino](#) (Ethiopia/Germany) also roast and pack coffee in Ethiopia, which helps create jobs there. The company also teaches local workers how to roast coffee. [GEPA](#) (Germany) has 3 special collections of coffee roasted in the countries in which they are produced. These are Guatemala, Honduras and Rwanda.

Besides these brands, there are other initiatives that promote and sell coffee that are fully processed at origin countries. Examples are [Proudly Made in Africa](#) (Ireland) that seeks to support Africa by buying products that are completely made there, including coffee. The [Agency for the Valorization of Agricultural Products](#) (France) also promotes coffee that is roasted where it is grown through their yearly “coffee roasted at origin contest”. In their July 2023 edition organised in France, nearly 200 coffees from 25 countries on 4 continents were tasted. This was in 2 distinct parts – espresso mode and unfiltered infusion.

These initiatives demonstrate a growing trend where brands are committed to adding value and fostering economic development in origin countries.

Tips:

Keep yourself informed on the different trends, developments and waves of the European coffee market. This can help profile your products and business in a more targeted way. Look for information on the websites [Perfect Daily Grind](#), [Daily Coffee News](#), [World Coffee Portal](#), [Specialty Coffee Association: News](#) and [Bar Talks](#).

Check out coffee tasting exercises from [Perfect Daily Grind](#), [Drink Trade](#), [Caffe Luxe](#) and [Belvico](#) to start learning how to taste coffee and eventually consider the possibility of becoming a [Q-grader](#) (for Arabica) or [R-grader](#) (for Robusta). Refer to the [Coffee Quality Institute](#) to see if any cupping projects

or activities have been developed in your region.

Becoming a Q-grader or R-grader could be expensive, so consider also earning a professional tasting certificate provided by local institutions, such as the coffee quality and tasting programmes offered by national institutes of professional training in Colombia ([SENA](#)).

Develop and promote your unique selling points as a supplier of ([specialty](#)) coffee. Think about what sets you apart from your competitors and create your marketing story around it. It can be related to the origin of your coffee. Examples are the agro-climatic characteristics of the producing region, the culture of the producing communities or the unique quality of your products, such as your cupping score, or a combination of these.

4. Convenience drives growth of European coffee market

European demand for single-serve coffee, such as coffee pods and capsules, has been growing strongly in the past decade. It is also expected to grow substantially in the coming years, [from USD 15.09 billion in 2023 to USD 20.70 billion by 2028](#), at a notable compound average growth rate (CAGR) of 6.5%. COVID-19 had a positive effect on coffee consumption at home, boosting growth in the sector. Consumers have become more attached to and interested in their coffee because they make it themselves with their own coffee machines at home. Since the pandemic, consumption has continued to increase in homes and also in cafés.

Large industry players continue to invest in their single-serve coffees. For instance, in 2021, [JDE Peet's invested €110m to increase their coffee capsule production in France by 60%](#) to meet increased demand for at-home coffee products. In 2022, [Nestle also expanded premium coffee options under Nescafe, Nespresso and Starbucks to win the battle for in-and out-of-home coffee consumption](#). Retailers in [Northern and Western Europe](#) keep expanding their assortments of single-serve methods.

The ease-of-use of these products, their strong marketing, and the wide variety of flavours available have contributed to their popularity. The European market of pods and capsules is dominated by [Nespresso](#), [Starbucks](#), [Lavazza](#) and [JDE Peet's](#).

An important trend within the [single-serve market is the introduction of specialty coffee capsules](#). This is still a very small market but is growing rapidly. There are more and more roasters including an offering of coffee capsules in their assortment. Examples of companies offering specialty coffee capsules are the British [Difference Coffee](#), [Halo](#), [Hayman](#) and [Colonna](#), the Dutch [Bocca Roasters](#) and Belgium's [Caffènation](#).

The growing popularity of specialty coffee capsules brings interesting opportunities for specialty coffee exporters. This is mainly because it is helping to popularise high-quality coffees of different origins and flavours. Nespresso has also joined this trend by [launching the Reviving Origins programme](#), aimed at bringing back lost coffee origins. Origins in their assortment include specific regions of Colombia, Zimbabwe, Uganda, DR Congo and Cuba.

Figure 1: Nespresso's Reviving Origins programme



Source: [Nespresso](#), 2022

The single-serve market has a major downside as well. This is the [negative environmental impact of coffee capsules](#). In response, the industry has introduced recyclable and compostable solutions and alternatives. Today, there are many environmentally friendly solutions found on the market. Examples are [Dualit's](#) compostable coffee capsules, [Migros'](#) fully compostable 'coffee balls' and the biobased capsules by [Dutch roaster Peeze](#).

There are also several initiatives for recycling coffee pods. One is the [Alliance for Aluminium Capsule Recycling in France](#), started by JDE Peet's, Nespresso and Nestlé France. From January 2023, residents of Belgium have the opportunity to sort their aluminium coffee capsules conveniently and efficiently by depositing them in the New Blue Bag. This significant initiative is the result of a collaborative effort between JDE Peet's, Nespresso, Nestlé, and Fost+. Their aim is to simplify the recycling process for consumers and ensure the proper disposal of aluminium capsules. Additionally, Nespresso has taken it a step further. They transition their capsule production from using virgin aluminium to utilising 80% recycled aluminium. The [Podback scheme in the UK](#) is another initiative, set up by Nestlé and JDE UK.

Still a niche market, ready-to-drink (RTD) coffees form one of the fastest growing market segments in Europe. [The market is expected to grow by a record CAGR of 8%](#) between 2023 and 2028. The convenience of RTD coffees and their perceived health aspects drive this trend, as [RTD coffee is presented as an alternative to sodas](#) and alcoholic beverages. Cold brew coffees and nitrogen brew coffees are examples of RTD coffees. Coca-Cola is the largest player in the RTD sector, followed by Starbucks (distributed by PepsiCo) and Nestlé.

Another trend for convenience is the trend of selling coffee online. Even prior to the pandemic, this trend was steadily growing. However, the surge in online shopping and increased demand for virtual products during the pandemic further fuelled the growth of online coffee sales. E-commerce platforms have provided consumers with the opportunity to discover and access specialty and premium coffee products that might not have been

easily available otherwise. With the shift in consumer behaviour due to the pandemic, e-commerce has stepped in to bridge the gap and help consumers meet the rising demand for coffee products.

Lastly, coffee served in the workplace is an out-of-home segment of the European coffee market which contributes to convenience. Due to lockdowns, Europeans had to work from home during COVID-19. As of 2022, [many offices have reopened for employees who choose to work in the office full time or part time](#). JDE Peet's reported that in 2022 their In-Home sales increased by 8.9% but sales in Away-from-Home increased even more by 22.3%. This suggests that a lot of demand for coffee is out of home. The [Office Coffee Service Market is expected to increase annually by 24% each year up to 2026](#).

Tips:

If you are an exporter of large quantities of standard quality coffees, identify European roasters that manufacture private-label packaging, single origins, coffee blends, ready-to-drink products (RTD), pods, capsules or importers that supply to these roasters. Approach them to sell your green coffee directly. Bear in mind that many single-serve manufacturers use mostly bulk coffee, often certified by Rainforest Alliance/UTZ.

Read our study on [how to find buyers in the European coffee market](#) for more information.

If you are interested in selling your green coffee to the office segment, connect directly with roasters that are already active in this market segment. This shortens the supply chain and puts you closer to your end segment. You can find roasters on the websites of national coffee and roasters associations. Examples include the [British Coffee Association](#), the [German Coffee Association](#), the [Italian Coffee Roasters Association](#) and the [Spanish Coffee Association](#).

5. Consumers are concerned about the health impacts of coffee

European consumers are increasingly concerned about the impact of food on their health and wellness. The COVID-19 pandemic has made [consumers even more health-conscious](#), driving up demand for healthy and organic foods. Growing consumer interest in healthy living has also fuelled concerns about health aspects of coffee. According to the [Institute for Scientific Information on Coffee \(ISIC\)](#), global online searches for 'health benefits of drinking coffee' increased by 650% in 2021.

Research shows that moderate coffee intake reduces the risks of [type 2 diabetes](#), heart [disease](#), [cancer](#), [Parkinson's disease](#) and [depression](#). This is likely [due to anti-inflammatories and antioxidants](#) found in coffee. The European Food Safety Association suggests [that moderate coffee consumption fits within a healthy diet and active lifestyle](#).

The healthy living trend has changed consumer preferences. There is a growing range of coffee products with no added sugar or dairy. For instance, [Starbucks offers 4 non-dairy milk options](#). Options include soy milk, coconut milk, almond milk and oat milk. The company regularly introduces new plant-based beverages. Sugar is often replaced with plant-based sweeteners such as monk fruit and stevia.

The coffee industry is also increasingly adding functional ingredients to coffee products. Functional ingredients are thought to boost energy and relieve stress. Popular examples are [turmeric](#), [collagen](#) and [mushrooms](#). Mushroom coffee, for instance, is said to have half the caffeine content of regular coffee. The Finnish-American company [Four Sigmatic](#) has introduced mushroom coffee in Europe and the United Kingdom, where it is available at [Holland & Barret](#) and other retailers.

At the same time, consumers are also more concerned about [the negative side effects of high caffeine intake](#). The [consumption of decaffeinated coffee in both the US and Western Europe has grown](#) annually since 2017. There is also a [slowly growing demand for specialty decaf coffees](#). Decaffeinated coffee accounts for approximately 15% of total coffee consumption in the United States. It represents about 12% in Western Europe. Some coffee shops are opting to substitute a significant portion of their [single origin offerings with decaffeinated coffees](#). The global market size for decaffeinated coffee is projected to reach USD 2.8 billion by the year 2027.

Coffee varieties with naturally very low levels of caffeine are also becoming popular and demand for them is increasing. These varieties make the results of content decaffeination even better. They result in decaffeinated coffee that retains more of the original flavour and aroma of the coffee bean. Examples of low caffeine varieties are Laurina and Aramosa, which [have 0.2 to 0.3% and 0.7 to 0.8% caffeine](#) content respectively.

Concerns about high caffeine intake are also leading to growing interest in alternative products with no or lower caffeine content. Examples of alternative coffee products promoted as being caffeine-free include [Chikko not Coffee](#) (roasted chicory), available at [Holland & Barret](#) (the Netherlands), and [Café Pino](#) (lupine coffee), available at [Miraherba](#) (Germany). Other competing beverages include [turmeric latte](#) and [matcha tea](#). The UK-based company [Pukka Herbs](#) sells 3 types of organic matcha teas across the UK and Europe. It is worth noting that, although these coffee competitors are growing, they still represent a small market share in specific health-related segments.

Tips:

Educate yourself on how coffee compares to alternative products, especially in terms of caffeine content. There are various scientific sources and websites providing this kind of information, such as [Healthline](#). You can find relevant articles by searching on 'coffee' and the name of your alternative product.

Read this post to learn more about [what decaffeinated coffee is](#).

Learn about [low caffeine coffee varieties](#) like [Laurina and Aramosa](#) and the [market size of decaffeinated Coffee](#).

6. Certified and organic coffees continue to grow but require caution

European consumers are increasingly concerned about the social and ecological impacts of their consumption behaviour. This has a great influence on the coffee market, where sustainability standards are ever more popular and where companies are increasingly required to meet such standards.

Certification standards are often part of the sustainability strategy and minimum requirements of European traders, coffee roasters and retailers. Many European retailers, for instance, have committed to sourcing only certified coffee for their private-label brands. An example is that all private label coffees from [Lidl](#) (Germany) must be Fairtrade, Rainforest Alliance/UTZ and/or certified as organic. German discounter ALDI Nord also launched a new [organic and Fairtrade-certified coffee brand, Hermanas del Café from Peru](#).

As certification has become essential for medium and large European coffee companies, it is increasingly difficult for non-certified suppliers to access the European market. However, small coffee roasters in the specialty segment are more interested in building trust with suppliers through direct sourcing practices and less in third-party certification.

Although the market for certified and organic coffee is growing, there is more certified and organic coffee on the market than is sold as certified. According to the [Coffee Barometer 2020](#), about 55% of global coffee production is certified, while only 25% of total coffee production is purchased as certified by the industry worldwide. This means that not every producer or exporter will be able to sell their certified coffee at a premium price. However, certification is not just about profit. Thanks to better agricultural practices, certification can also help you boost yields by producing more efficiently, more sustainably and producing higher-quality coffee.

Certification standards in coffee

The major certification schemes in coffee are: [Fairtrade](#), [organic](#), [Rainforest Alliance/UTZ](#) and [4C](#). Rainforest Alliance/UTZ has large-scale operations, reaching mainstream markets in Europe. As of July 2020, Rainforest Alliance offers [mutual recognition options](#) for coffee. This means that companies at the end of the supply chain will be able to source UTZ and/or Rainforest Alliance-certified coffee and then use either the Rainforest or the UTZ label on their product. 4C, which stands for Common Code for the Coffee Community, also serves the mainstream market.

Organic and Fairtrade certifications have entered the mainstream markets but can still be considered niche markets. [Fairtrade launched its first living-income reference prices](#), specific for Colombian coffee, in mid-2021. In August 2023, it also increased the minimum price for coffee by 19% and 29% for [Robusta and Arabica coffee](#), respectively. This is being done to provide better support and protection to coffee farmers.

Smaller certification schemes for niche markets also gain more visibility in Europe, addressing issues such as biodiversity. An example is [Bird Friendly Coffee](#), which is currently [mostly available in the United Kingdom and France](#). Other examples include [Demeter](#) (biodynamic), [Símbolo de Pequeños Productores \(SPP\)](#) and [Fair for Life](#) (social and fair-trade standards, but not as popular as [Fairtrade](#)).

Figure 2: Several certification schemes for coffee



Source: ProFound, 2022 (logos retrieved from certification scheme websites)

Tips:

Refer to the [Sustainability Map of the International Trade Centre](#) for more information on trends, figures and developments in this market, including an overview of certification schemes.

Read our [study on social certifications](#) to learn more about various different certification schemes. Also, see our studies on [Exporting certified coffees](#) and [Exporting organic coffee](#) to the European market to learn more about market opportunities.

Consider showing your coffee production's sustainable and ethical aspects with certification standards. However, before engaging in any certification schemes, always verify whether there is sufficient demand for certifications in your target market or with the buyers you already know.

Consider the costs involved in the certification process. You can do so by making a detailed production cost calculation with and without the certification expense, using various scenarios with different volumes of certified coffee sales to calculate the possible extra profit with each additional certified container sold. Check [this article by Caravela](#) on estimating production costs on your farm. Usually, in the beginning, you may not sell a lot of certified coffee. Sales evolve as you increase your portfolio of certified buyers.

Read the Specialty Coffee Transaction Guide's article explaining [the effects of Fairtrade and Organic certification on FOB prices for specialty coffees](#).

7. Increased direct trade between small roasters and producers

The demand for greater transparency in the coffee chain has strengthened the links between coffee producers and roasters. More and more coffee roasters, shops and sustainability-minded brands are trying to form more direct links with farmers, coops and associations. This also helps them meet consumer demand to be more closely connected to the source.

A growing number of actors and digital tools aim to bridge the gap between specialty coffee roasters and coffee producers. Examples are the digital marketplaces [Algrano](#), [Beyco](#) and [TYPICA](#). These platforms allow for the commercialisation of smaller trade volumes and direct contact to build trust between suppliers and buyers.

Many of the roasters engaged in direct sourcing are located in Western and Northern Europe, where the concept of direct sourcing appeals most to consumers. Examples of small roasters with direct links to origin are [Carrow Coffee Roasters](#) (Ireland), [Clever Coffee](#) (Denmark), [Wakuli](#) and [Bacano](#) (the Netherlands), [Horsham Coffee Roasters](#) (the United Kingdom). Examples of cooperatives exporting their coffee to specialised roasters are [Muungano Cooperative](#) (DR Congo) and [Ethio Gabana](#) (Ethiopia).

There has been pushback against direct trade, [arguing that it might have led to self-enforced, self-regulated and firm-led schemes](#). This is because it lacks any form of outside control or validation. For exporters, engaging with reliable and ethical buyers or platforms will make the difference.

There are also examples of digital platforms in producing countries. For instance, [Guatemalan Coffees](#) is a web platform where Guatemalan producers can upload their coffee offers online. The platform does not allow for direct online purchases. It acts as a digital promotion system. It also helps connect sellers and buyers.

Tips:

Invest in long-term relationships. Build mutual trust by ensuring your buyer-supplier commitments are well documented and staying loyal to long-term partners. Also stay in constant communication with your buyers. European buyers strongly appreciate a proactive attitude. Inform your buyers of any possible or foreseen issues and what you can do to avoid or solve problems. Long-term relationships will likely help you manage market risks, improve the quality of your products, and reach a fair quality-price balance.

Ensure you are in control of your supply chain. Know your producers and stand out from your competitors by telling your story. This approach makes it easier for you to focus on a niche, specialty market. It increases your chances of obtaining a better price for your coffee.

Explore online trading sites such as [Algrano](#), [Beyco](#), [TYPICA](#) and [Almacena Platform](#) to connect to roasters in Europe and elsewhere.

Read CBI's studies on [Tips to go digital in the coffee sector](#), [Tips on finding buyers for coffee](#) and [Tips for doing business](#) in Europe.

"In this climate of global inflation, we're seeing more demand for good quality Robusta and Conilon. Roasters, even those in the differentiated coffee segment, have been looking to source these coffees for blends, to have a more affordable option for consumers and for white-label coffee. There is also a new wave of roasters who would normally buy commodity-grade untraceable coffee via brokers embracing the relationship model for their sourcing, a model which Algrano has promoted and enabled since 2015. As trade facilitators who connect producers directly to roasters, we're receiving more requests from such roasters to help them source coffee with traceability and build supply chain visibility. This links back to the EU's new anti-deforestation regulations and to growing consumer demand. The third area of growth we see is logistics. Today, it's easier than ever for both ends of the supply chain to connect. Many buyers no longer rely on the traditional discovery services provided by an importer or "coffee hunter". Part of what we do at Algrano is to offer a shipping-only service to roasters and producers who met offline, during origin trips or at trade shows, and all they need is a reliable partner to move their coffee from A to B. We believe this is the future of coffee trade."



Eli Blaich, sourcing manager at Algrano

8. Blockchain is gaining ground as a tool to increase transparency, traceability and trade

Blockchain technology is a [tool that you can use to increase accountability, transparency and traceability](#). It is an open system of decentralised data tracking and storage that also supports cryptocurrencies. In the case of coffee, this means that the database records transactions in a verifiable and permanent way, so its origins and journey can be traced back. Coffee that is recorded into blockchain thus allows a roaster to see where the coffee comes from and how much was paid for it earlier on. Likewise, producers can see to whom their coffee was sold eventually and for how much.

Blockchain offers a way to create and strengthen relationships. It can be an efficient way to administer the trade of coffee through platforms /digital marketplaces. For instance [Algrano](#), [Beyco](#) and [TYPICA](#) often use this technology to link producers to buyers. It does so by bringing together information about end-users and producers. It enables roasters to make safe claims of direct trade. Producers can invest in connecting with buyers. It improves farm access by providing information about the size and availability of harvests. The accessibility of blockchain as well as awareness about blockchain's benefits can be major challenges for the

successful adoption of blockchain. This is especially true in more rural areas.

Examples of the use of blockchain technology in the coffee industry include [Trace](#) from Fairfood. Trace is used by the Dutch importer [Trabocca](#) and coffee brand [Moyee Coffee](#). Another example is [Farmer Connect](#). This platform aims to improve traceability in the global coffee supply chain. It has big industry partners on board. Examples are [JDE Peet's](#), [Sucafina](#) and [Colombia's National Federation of Coffee Growers](#). Farmer Connect also targets consumers with an app called [Thank My Farmer](#). The app [iFinca](#) is another example, which connects consumers and farmers, and verifies farmgate prices.

Another implementation of blockchain is the [coffee trading platform Farmers Direct Coffee](#). It was launched in 2021. This platform offers direct connections between potential buyers and sellers, using blockchain technology. It is the first platform co-owned by farmers and cooperatives.

Tips:

Learn more about traceability along the coffee supply chain in the UNIDO manual [Traceability in the Green Coffee Supply Chain](#).

Read more about the [added value of traceability for coffee farmers](#) in this blog from Caravela Coffee.

Read more about the application of blockchain technology in the coffee chain and learn about the implications for the industry in Fresh Cup Magazine's article [Keeping Track: Leveraging Blockchain Technology to Improve Coffee Price Transparency](#).

Look into the above blockchain initiatives online and consider listing your organisation to join the buyer-seller community. The [Progreso-supported Beyco platform](#) may suit small and medium-sized coffee producers working in specialty coffee.

Refer to the [Specialty Coffee Transaction Guide](#) to get an idea of current market prices for specialty coffee. This guide quantifies anonymous contract and pricing data of importers and roasters, based on quality, quantity, and origin of purchased coffee. The idea behind publishing these data is that transparency can contribute to challenging current pricing mechanisms in the coffee industry.

9. Increasing consolidation in the mainstream coffee segment

Both the European and the global coffee markets are increasingly consolidating. In an already competitive and saturated market, large-scale players continue engaging in mergers and acquisitions.

Recent examples of acquisitions in Europe include the acquisition of 75% of the UK trader [Complete Coffee Limited](#) (CCL) by Swiss trader [Sucafina](#) in early 2021. CCL is the supplier of [Costa Coffee](#), which is the largest UK-based coffee shop. In November 2021, the German coffee giant Melitta Group bought a [70% stake in the Italian-based coffee company Corsino Corsini](#).

There is also a trend whereby mainstream companies engage further in the specialty market. For instance, [Nestlé acquired specialty roaster Blue Bottle in late 2017](#). JAB Holdings [acquired Stumptown Coffee Roasters and Intelligentsia](#). Another example is [JDE Peet's' acquisition of specialty roaster Campos Coffee in 2021](#). These large companies increasingly adopt terms common to the specialty market. Examples are single origin and premium quality. This is appealing to consumers who look for signs of quality. As a result, more and more producers are working under the umbrella of large-scale companies. This means producers must comply with volume, quality, traceability, certification and other requirements established by these buyers.

Another trend that explains acquisitions is the industry's attempt to expand the consumption options in coffee, for instance, by marketing it as an alternative to sodas. Examples of this movement include the [acquisition of Dr. Pepper Snapple Group by Keurig Green Mountain](#), the [partnership between PepsiCo and Starbucks](#) and the [acquisition of Costa by Coca-Cola](#).

In the coffee shop market segment, several acquisitions have also occurred. JAB Holdings has acquired major restaurant chains that sell large volumes of coffee. An example is [the British Pret A Manger in 2018](#). Starbucks is consolidating its market position by expanding globally. As described above, market consolidation leads to standardised products and requirements that relate to quality, sustainability, traceability, and ethical practices. Exporters unable to meet these stringent standards may be excluded from the market, contributing to market consolidation.

Tips:

Investigate whether you can follow the standards required by large-scale roasters or whether your product is more suitable to smaller-scale markets. See [our study on finding buyers for coffee](#) for more information on different approaches to the coffee market.

Diversify your markets. If you have coffees of different characteristics and sufficient volumes, you may operate in conventional, certified and high-quality markets. Many importers are willing to purchase a mix of qualities and certifications, to appeal to a variety of customers.

Constantly research online to understand the factors influencing New York coffee market price fluctuations. These could be overproduction, upcoming weather and harvests in Brazil, supermarket wars and hedge funds. Some useful sources include the [USDA Coffee Reports on the World Market and Trade](#) and [ICO's monthly coffee market reports](#).

Learn more about [coffee hedging](#) and [global coffee prices](#) on the Perfect Daily Grind website.

[Amonarmah Consults](#), [Molgo Research](#), and [Ethos Agriculture](#) carried out this study on behalf of CBI.

Please review our [market information disclaimer](#).